



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Participation in San Joaquin County Purchasing Agreement for Office Systems Furniture

MEETING DATE: November 16, 1994

PREPARED BY: Finance Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution authorizing the City to purchase office systems furniture under an agreement between the County of San Joaquin and Haworth, Inc., of Holland, Michigan.

BACKGROUND INFORMATION: On April 20, 1994, the City Council approved the standardization of office systems furniture manufactured by Haworth, Inc. and Herman Miller, Inc., for installation in offices in the Civic Center.

In August, 1992, the County of San Joaquin signed an agreement with Haworth, Inc. to purchase office systems furniture at prices up to 69% off list. The agreement (which expires on June 30, 1995) allows for the terms of the agreement to be extended to other governmental agencies within San Joaquin County.

Separately, the California Statewide Community Development Authority offers substantial discounts on Haworth furniture, particularly chairs, but their discounts on office systems furniture (65% off list) are not as attractive as those offered under the San Joaquin County agreement (69% off list). Therefore, participation in the San Joaquin County agreement for purchase of office systems furniture (except chairs) for the Civic Center would yield an additional savings of over \$17,000 compared to purchase under the California Statewide Community Development Authority agreement.

FUNDING: None required for participation.


H. Dixon Flynn, Finance Director

Prepared by Joel Harris, Purchasing Officer

APPROVED: 

THOMAS A. PETERSON
City Manager



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PURCHASE AGREEMENT

P922016

THIS AGREEMENT is entered into this 12th day of August 1992, between COUNTY OF SAN JOAQUIN (hereinafter referred to as Buyer), and ILAWORTH® INC., (hereinafter referred to as Seller). Pursuant to the terms and conditions set forth hereunder, this Agreement shall be made available to Buyer within San Joaquin County.

1. Governing Provisions.

- a. Term of this Agreement will commence the 1st day of July 1992, and expire on the 30th day of June 1995. Further to the above, this Agreement may be terminated by either party upon 60 days written notice to the other party. Terms and conditions of this Agreement will apply to all orders in house prior to the effective date of termination.
- b. The terms of this Agreement embody the entire Agreement of the parties and shall govern all sales between Buyer and Seller during the term of the Agreement and shall take precedence over the terms and conditions of any other Agreement between Buyer and Seller including, but not limited to Buyer's Purchase Order. No waiver by either party of any provision in this Agreement will be construed as a waiver of its right to insist upon compliance therewith in the future. This Agreement may not be modified unless mutually agreed upon in writing between Buyer and Seller.
- c. Seller agrees to extend the terms of this Purchase Agreement to other political subdivision, municipalities and tax supported agencies within the County of San Joaquin. Such participating governmental bodies shall make payment directly to Seller, be liable to Seller, holding the County of San Joaquin harmless.

2. Products, Prices.

- a. During the term of this Agreement, Buyer may place purchase orders for the items described in Attachment A.
- b. The price of any product sold to Buyer by Seller will be based upon the price for the products specified in the Seller's current United States applicable nationally published product catalogs in effect at the time of Seller's receipt of purchase order for the product. Unless otherwise agreed to by Seller, shipment must occur within 120 days of purchase order acceptance. Orders requesting more than 120 days lead time will be priced in accordance with Seller's current published list prices effective at the time of order shipment.
- c. Seller guarantees sixty-day advance notice to Buyer prior to effectivity of any subsequent price increases to nationally published product catalogs.
- d. Prices for products on a single purchase order will be determined by applying the discounts specified in Attachment A to Seller's nationally published product catalogs.
- e. If a single purchase order provides for shipments to more than one location or more than one ship date, each shipment location or ship date will be considered a separate purchase order for purposes of determining the discount.

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2. The small order surcharge equal to five percent of list price typically assessed on orders under \$4,000 list, will be waived on purchases made under the terms of this Agreement.

3. Order Processing.

- a. All purchase orders submitted to Seller must reference the Agreement number as indicated on page one.
- b. All purchase orders issued under this Agreement must be issued from Buyer to one of the following:
 - 1) Seller.
 - 2) Seller in care of authorized Haworth dealer.
- c. All orders will be acknowledged within twenty (20) days of receipt of a valid purchase order, with the exception of orders placed through the Quick-Ship Programs. Quick-Ship orders will be verbally confirmed within 48 hours of order placement.

4. Payment Terms, Taxes.

- a. Payment terms are net thirty-five (35) days from invoice date for all product shipped. Any portion of the invoice value not paid within 35 days of invoice date will accrue a finance charge of 1½ percent per month.
- b. If an invoice is disputed for product or price problems due to Haworth error, a 90/10 payment term would be applicable. The customer would be required to pay ninety percent (90%) within terms of original invoice/ship date and withhold a ten percent (10%) retainage until the product and/or price dispute is resolved.

On minor disputes which are valued less than ten percent (10%) of the total invoice, the customer would be expected to pay the full amount of the correct portion of the invoice, deducting only the portion relating to that minor dispute until it is resolved.

- c. Buyer will pay, or reimburse Seller for, all privilege, occupation, personal property, value-added, sales, excise, use and other taxes applicable to the sale or purchase of product or to Buyer's storage, use or ownership thereof, whether or not invoiced by Seller.

5. Shipment-Delivery.

- a. All deliveries will be F.O.B. Destination. Seller will have the right to determine the method of shipment and routing of product. Any additional expense resulting from Buyer's request for special packaging, handling, routing, and/or shipping method will be billed to Buyer.
- b. Freight charges will be prepaid by Seller on all orders to locations within the continental United States.

6. **Guaranteed Lead Time.** Seller guarantees shipment of the following products from receipt of valid purchase order and based on the list dollar maximums listed below:

<u>Products</u>	<u>Weeks</u>	<u>Maximum List Dollars</u>
UniGroup (nonwood) PLACES (nonwood) Tables (nonwood)	7-9	\$1,500,000.00
RACE Systems	7-9	\$ 250,000.00
UniGroup (wood/wood trim) PLACES (wood/wood trim) Tables (wood/wood trim)	9-10	\$ 250,000.00
SystemSeating Catalyst Seating	7-9	\$ 250,000.00
Comforto Seating (10/11/15/16/18/27/28nw)	9-10	\$ 250,000.00
Comforto Seating (12/23/28w)	9-10	\$ 50,000.00
Lateral Files & Storage System	7-9	\$ 100,000.00
UniGroup Freestanding Storage Files	7-9	\$ 250,000.00
PLACES Freestanding Steel Furniture	7-9	\$ 250,000.00
PLACES Wood Caseworks & Freestanding Units	9-10	\$ 100,000.00

The guaranteed lead times excludes Portfolio products, specials, new product introductions and/or acquisitions, and are contingent upon fabric selection and availability.

7. **Order Changes/Cancellations.** Requests for order changes or cancellations must be submitted in writing to Seller. All requests are subject to approval by Seller. If changes and/or cancellations are approved, Seller will make charges according to Attachment B.

8. Quick Ship Programs.

- a. RUSH 5 and Portfolio Five are quick ship programs designed to quickly respond to office furniture requirements. Products included in these programs are shipped within five working days from the date the order is accepted.
- b. Product availability and order acceptance terms are specified in each quick-ship price list. Seller reserves the right to accept orders based upon order size and inventory status. Orders that cannot be placed through the RUSH 5 or Portfolio Five programs are available at standard lead times.

9. Patent Indemnity. Seller agrees to indemnify Buyer for any and all damages that may be awarded against Buyer in any final judgment based upon a claim that any product or the use thereof infringes the patent rights of any third party, provided, that Buyer will have given Seller prompt notice of, and the opportunity to defend against, such claim, at Seller's expense.

10. Seller's Product Warranty.

- a. This warranty applies to products beginning with November 1990 shipments. This warranty is given to the initial purchaser and covers defects in materials and craftsmanship found during normal usage during the Warranty Period. If a product is defective, and if written notice of the defect is given to Seller within the Applicable Warranty Period, Seller at its option will either repair or replace product. The Warranty Periods run from the date of delivery. The Applicable Warranty Periods and products are:

TEN YEARS: All Haworth, Mueller, Lunstead, Kinetics and Myrtle products, and Comforto products made or assembled in North America, except as noted below:

FIVE YEARS: All operational elements and components, pneumatic cylinders and electrical products.

THREE YEARS: All wood veneers, textiles, covering materials, and finishes, wood framed seating products, and stacking chairs and dollies.

ONE YEAR: Custom made products not described in Seller's catalogs, and products sold for use in International markets (International warranties may differ).

- b. This warranty does not apply to damage caused by a carrier, alterations of the product not expressly authorized by Seller, nor to products considered to be of a consumable nature such as surge suppression products. It also does not apply to "Customer's Own Material" (i.e., material specified by the customer that is not a standard product offering of the Seller) used in the manufacture of Seller's products. Seller does not warrant the matching of color, grain, or texture except to within commercially acceptable standards. A product will not be considered to be defective, and Seller will not be obligated to repair or replace it, if the product was not installed and used as recommended in Seller's written planning, installation, and user guides.

c. EXCEPT AS STATED ABOVE, SELLER MAKES NO EXPRESS OR IMPLIED WARRANTIES AS TO ANY PRODUCT AND, IN PARTICULAR, MAKES NO WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE. Seller shall not be liable for consequential or incidental damages arising from any product defect. Repair or replacement under this Warranty is Buyer's exclusive remedy for a product defect.

11. Design, Installation and Compliance. Unless otherwise expressly agreed in writing, Seller will have no responsibility or obligation for installation or furniture layout design. Seller will provide this service, through an authorized dealer, on a separately negotiated contract basis.

12. Intermarket Program. Seller offers an Intermarket Program which facilitates ordering in one marketplace for shipment to another. High quality service is provided through a local Authorized HAWORTH Dealer. Authorized dealers participating in the Intermarket Program are capable of providing Buyer with services including, but not limited to the following: furniture layout design, CAD, project management and warehousing. Services will be provided at Buyer's request on a separately negotiated basis.

13. Storage Charges. Security Interest.

a. If Buyer will fail or refuse to accept delivery of any product, Seller may store the product with a carrier or other third party, and Buyer will reimburse Seller for all storage charges.

b. Seller retains a security interest in all product to secure the purchase price of all product from Buyer.

14. Notices. All notices or other communications required or permitted under this Agreement will be in writing and will be given by first class, prepaid mail, addressed:

a. If to Seller:

HAWORTH, INC.
One Haworth Center
Holland Michigan 49423

Attention: Manager, Regional Contract Development

b. If to Buyer:

COUNTY OF SAN JOAQUIN
Capital Projects Division
222 East Weber Avenue
Room 678
Stockton California 95202

Attention: Mr. Jeff Sanders, Deputy Purchasing Agent

15. Buyer Locations. Buyer agrees to provide Seller with a list of locations eligible to participate in this Agreement. This listing will be used by Seller to verify the eligibility of locations submitting purchase orders. Seller reserves the right to use this list for purposes of contacting individual locations.

IN WITNESS WHEREOF, Seller and Buyer have executed this Sales Agreement as of the day and year first above written.

COUNTY OF SAN JOAQUIN

By 
for James Leonard

Its Purchasing Agent

Date 8-6-92

HAWORTH, INC.

By 
Loren G. Schrotenboer

Its Manager, Contract Development

Date 8/12/92

ATTACHMENT B

Change/Cancellation Policy.

1. The following charges will be calculated against the net value of items changed/cancelled.

<u>PRODUCT(S)</u>	<u>TIMING OF CHANGE/CANCELLATION IN RELATION TO SHIP DATE</u>	<u>Charge</u>
All (with the exception of those listed below)	1) Five or more weeks prior to	none
	2) Less than five but more than three weeks	10% min
	3) Less than three weeks from	20% min
Wood Products	1) Eight or more weeks prior to	none
	2) Less than eight but more than six weeks	20% min
	3) Less than six weeks from	up to full net price
RUSH 5 and Portfolio 5	1) Within 24 hours of order confirmation	none
	2) Later than 24 hours after confirmation	20% min
Portfolio Co. Products	1) Six or more weeks prior to	none*
	2) Less than six but more than three weeks	10% min*
	3) Less than three weeks from	20% min*
Specials/ Textural Elements**	1) Within five days of order receipt	none
	2) More than five days	**

*Charges on Custom products changed/cancelled may be the actual amount of costs incurred.

**There is a 20 percent minimum charge (up to full net price) on Specials or Textural Elements items which are changed/cancelled more than five days after order receipt.

2. The following applies to all products, programs, and policies:

- There is a \$50 minimum charge for changes/cancellations.
- Requests for order changes/cancellations must be submitted in writing, except Quick Ship orders, which may be made verbally.
- Changes/cancellations may cause the applicable order to be rescheduled at standard lead times.
- Return authorization requests must be directed to your respective Customer Service Coordinator. approved, a minimum 25 percent of the selling price will be charged.
- Changes in ship-to-addresses must be made a minimum of two weeks in advance of the ship date.

Haworth, Inc.
National Sales Agreement Summary Sheet
Contract Name: County of San Joaquin
PA/Contract number: P922016
Contract Duration: 7/1/92 - 6/30/95

Product Only Discount Schedule

Product Group	Products Included	Lead Time	List Dollar Value	Customer Discount
1	<u>Systems</u> Unigroup (non-wood) Places (non-wood) Tables (non-wood)	Regular	\$1 - \$1,000,000 \$1,000,001 or More	69% negotiable
2	<u>Seating</u> System Seating, Catalyst Seating	Regular	\$1 - \$250,000 \$250,001 - \$500,00 \$500,001 or more	55% 59% negotiable
3	<u>Seating</u> Comforto Seating (10/11/15/16/18/23/ 27/28-all)	Regular	\$1 - \$250,000 \$250,001 - \$500,00 \$500,001 or more	55% 59% negotiable
4	<u>Freestanding -</u> Unigroup freestanding, storage files, lateral files and storage systems, Places freestanding steel furniture	Regular	\$1 - \$500,000 \$500,001 - \$1,000,000 \$1,000,001 or more	55% 56% negotiable
5	<u>Systems</u> Unigroup wood trim, Places wood trim, Unigroup full wood, Places full wood, Full Wood Tables, Wood trim tables, Race <u>Seating</u> Comforto Seating (12) <u>Freestanding</u> Places Wood Casegoods and Freestanding Units, Cameron	Regular	\$1 - \$150,000 \$150,001 - \$300,00 \$300,001 or more	52% 55% 59%

Product Group	Products Included	Lead Time	List Dollar Value	Customer Discount
Portfolio Products	Mueller Products Lunstead Products Kinetics Products Myrtle Products	Regular	\$1 or more	42%

The Portfolio Company products may not be combined together to attain the higher discount and/or negotiable discount tier.

RESOLUTION NO. 94-133

RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING PARTICIPATION IN THE SAN JOAQUIN COUNTY
PURCHASING AGREEMENT FOR OFFICE SYSTEMS FURNITURE

WHEREAS, on April 20, 1994 the City Council approved the standardization of office systems furniture manufactured by Haworth, Inc. and Herman Miller, Inc.; and

WHEREAS, in August 1992, the County of San Joaquin executed an agreement with Haworth, Inc. to purchase office systems furniture at prices up to 69% off list; and

WHEREAS, the agreement allows for the terms of the agreement to be extended to other governmental agencies within San Joaquin County.

WHEREAS, the City proposes to participate in the San Joaquin County Agreement to generate savings on the goods and services offered under the program; and

WHEREAS, Government Code Section 6502 authorizes the City to participate jointly with other public agencies in such a program;

NOW, THEREFORE, it is hereby RESOLVED, ORDERED and DETERMINED as follows:

SECTION 1. The City's participation in the San Joaquin County Agreement with Haworth, Inc., is hereby approved and participation is hereby authorized pursuant to the provisions of Government Code Section 6502.

SECTION 2. The Mayor, City Manager, the City Clerk and other designated officials of the City and all other proper officers and officials of the City, are hereby authorized and directed to execute purchase orders and documents and to perform such other acts and deeds as may be necessary or convenient to effect the purposes of this resolution and the City's participation in the San Joaquin County Agreement.

SECTION 3. This resolution shall take effect from and after its date of adoption.

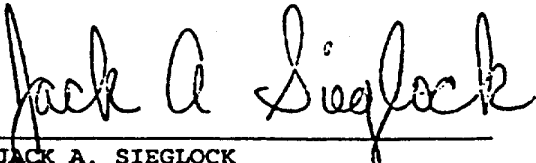
The following resolution was duly passed by the City Council of the City of Lodi at a regular meeting held November 16, 1994 by the following vote:

Ayes: Council Members - Davenport, Mann, Pennino, Snider
and Sieglock (Mayor)

Noes: Council Members - None

Absent: Council Members - None

Signed and approved by me after its passage.

By 
JACK A. SIEGLOCK
Mayor

Attest:

By 
JENNIFER M. PERRIN
City Clerk